



# A STUDY ON THE IMPACT OF SAVING AND INVESTMENT PATTERNS ON POVERTY AMONG FISHER FOLK WITH SPECIAL REFERENCE TO VADANAPPILLI, THRISSUR, KERALA

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## ABSTRACT

Kerala has a coastline of 589.5 kilometres, which forms 10% of India's total coastline. Although, Kerala boasts of the highest quality of life in India as measured by human development indicators, the state's fishing community has largely been left out of the general development experience. For example, the literacy level, educational attainment of fisher folk is much lower than that of the general population (Department of Fisheries, 2005). Other development related indicators like lack of income-earning opportunities, poverty and deprivation, lack of access to basic services, poor health conditions amongst men and women, lack of access to health facilities, also show evidence of this neglect and marginalisation. The annual income, land ownership and housing facilities are also very low along with a very high level of indebtedness among the fishing community. Fisher folk always face a shortage of money and live on a day to day basis. They have a high rate of dependence on moneylenders and traders. They spend all their lives managing the burden of debts. In Kerala they lack a habit of saving and investing a part of their income. They spent whatever they get on their daily life. This contributes to the issue of poverty they face in their life irrespective of the income they earn. This quantitative research paper makes an attempt to identify the saving and investment patterns of fisher folk and its impact on poverty they suffer with a special focus on the fishermen communities living in Vadanappilli coastal area, Thrissur district, Kerala.

**KEYWORDS:** Saving, Investment, Poverty, Fisher Folk, Community, Impact, Saving Pattern, Investment Pattern.

## INTRODUCTION:

Fisher folk or fishermen community is a distinctive group of people geographical located in coastal areas and have their own way of life and distinctive culture, and to understand the special relationship, they share with the sea and the environment. The life of the fishermen community is centred on the fishing seasons. They are the victims of middlemen and money lenders. Fishing in India

India has a vast and diverse potential of fishing resources comprising two million square kilometers of exclusive Economic zone for deep sea fishing. Fishing communities in India, are not homogeneous, as they belong to different castes. These communities have their distinct social, cultural governance structures and traditional practices, depending on the coast, where they inhabit. The fishermen community in Kerala belongs to the social categories of Mukuva and anjootty (Lattin Catholic) Dhevara (Hindu) and Pooislan (Muslim).

Fisheries sector plays an important role in the socio economic development of India, generating employment for a large coastal. With the changing consumption patterns, technological developments and emerging market forces, it has assumed added importance in India and is undergoing a rapid transformation.

## Fishing in Kerala:

Kerala is separated from the rest of India by the Western Ghats in the east and the Arabian Sea in the west. A very rich marine wealth with a large variety of fish and a highly skilled population of fishermen have made Kerala a leading producer and consumer of fish. The state has fish worker population of about 10 lakhs. The fisheries sector provides occupation to people directly and much more indirectly, make it a significant employment providing sector of the state.

## Credit Support System for Fisheries Development:

The fishermen in general, are poor and practice traditional farming for want of financial resources. The need for credit support for facing the emerging market forces and harnessing the benefits of technological developments has been realized and some measures have been evolved to enhance the flow of credit to the fisheries sector.

The National Bank for Agriculture and Rural Development (NABARD), as a refinancing agency for commercial banks, co-operative banks and regional rural banks has been the measure facilitator of credit to the fisheries sector. In view of the brackish water aqua boom in the early 1990s, many financial institutions like Industrial Finance Corporation of India (IFCI), Industrial Development Bank of India (IDBI), Shipping Credit and Investment Company of India (SCICI), State Finance Corporations (SFCs), and National Co-operative Development Corporation (NCDC) also entered this sector to lend credit. Credit support from financial institutes is available for almost all the activities of fisheries and for creation of infrastructure.

The socio-economic condition of the fisher folk in the state is pitiable when compared to the general section of the population. Backwardness is the hall mark of the fishermen community.

The main problems of fishing community in Kerala are:-

- ☐ Low income      ☐ Poverty      ☐ Poor health conditions
- ☐ Lack of education
- ☐ Lack of access to basic services such as; o Water o Sanitation o Electricity etc.
- ☐ Overcrowded living conditions
- ☐ Malnutrition
- ☐ Lack of earning opportunities      ☐ Depletion of fishery wealth

The single factor most responsible for the increasing levels of poverty, food insecurity and vulnerability in fishing communities is the steep decline in availability of fish in terms of quantity, quality and variety over the last decade. Increased population and market demand on the shore have resulted in the spreading of catches more thinly across a larger number of people and/or increasing prices to very high levels and thereby reducing access to fish. The geographical isolation of fishing communities has a strong bearing on their poverty and vulnerability and is reflected in their limited access to infrastructure and development assistance, poor transport and communication systems, alienation, extreme poverty and vulnerability to natural disasters.

The poverty of fishers is reflected in their substandard housing and sanitation systems, their meagre access to basic amenities such as clean drinking water and health care, and inadequate transport services. In the fishing sector, poverty and food insecurity are determined not so much by the prevalence of seasonal unemployment as by the ability of different sectors of fishers to cope with it. Food insecurity is primarily a seasonal feature and leads to a host of other maladies. The prevalence of diseases related to hunger and malnutrition is high in fishing villages, and the problem becomes more serious during the monsoon period.

The annual income, savings and investment and housing facilities are very low along with a very high level of indebtedness among the fishing community. Large sum of money are spent by them on ceremonies such as births, deaths and marriages. Fishermen always face a shortage of money. They have a high rate of dependence on money lenders. They spend all their lives managing the burden of debts. The standards of living and working conditions do not appear to be comfortable and safe. Their incomes depend on the games of seasons and vagaries of nature. So savings are not possible for many and debts are common.

The current level of earnings or wages from fishing and trade leaves very little surplus. Even those households that generate some surplus use it up during the lean periods or for ongoing production and consumption needs. A majority of fishers are perpetually indebted. Borrowings during lean periods has to become constitute a livelihood strategy for many people. This borrowing from tomorrow may occur through pawning productive assets, jewellery or family utensils, entering into trade agreements for next season's catches or removing children from school to put them to work.

The income of the fishermen is based on the category of the fishing unit they

own. Majority of the families borrow money to meet their expenditure during the lean season even for buying food. The main reason for the indebtedness of the fishermen depends on their income and expenditure pattern. The income earned per trip varies according to season and the number and quality of nets used. During the peak season, they earn in surplus. This surplus, however, is not sufficient to prevent indebtedness during the lean season when their earnings are low.

The income of the fishing communities are generally below the poverty line, especially during the lean period (December – June). Income is not evenly spaced throughout the year due to seasonality in fishing. The uneven pattern of earnings and expenditures leads to indebtedness. Earnings from fishing activities are the main source of their income.

The fishermen family income is based on the size of the family. When the size of the family increases, the income of the family also increases. Fishing communities are notorious for their extravagances and lack of savings. While this partly derives from the low surplus in their wages and the need to apply this surplus to lean periods, it also has to do with the lack of a saving culture. This in turn may be attributable to the nature of the fishing occupation, which traditionally – unlike agriculture and other primary occupations – provided for fishers needs on a daily basis and in relative abundance. Their investments were low and fishers had relatively few needs that required cash.

#### Investment Patterns of Fishermen Community:

The income of fishermen communities are generally below the poverty line. Their incomes depend on the season. During the lean period their income is very low. So they do not have any large sum for investment purpose. The following are the major investment patterns of fishermen community in Vadanappilly, Thrissur district, Kerala.

- 1. Bank Deposits:-** Almost every Indian family has investment in the form of bank deposit at some time or other. In the case of fishermen community also bank deposit is the major investment.
- 2. Life Insurance Policy:-** Life Insurance also may be viewed as an investment. Insurance premiums represent the sacrifice and the assured sum, the benefit. Life Insurance policies with low premium are preferred by the fishermen community in Thrissur.
- 3. Chit Fund:-** A chit fund is a kind of savings scheme practiced among fishermen. These schemes may be conducted by organized financial institutions, or may be unorganized schemes conducted between friends or relatives. In Kerala chitty is a common phenomenon practiced by all sectors of the society.
- 4. Post Office Savings:-** A Post Office savings account is similar to savings Bank Account. Small savings schemes are designed by Indian Postal System to provide safe and attractive investment options to the public and at the same time to mobilize resources for development.
- 5. Cooperatives or SHGs,** Savings at Home or with friends etc. are other forms of investment patterns of Fishermen Community. Investors are savers but all savers cannot be good investors, as investment is a science and an art. Savings are autonomous and sometimes induced by the incentives like fiscal concession or income or capital appreciation.

#### Poverty among Fisher folk:

The fishermen communities face a lot of issues in relation to their livelihood. Seasonal employment is the major cause of issues they face in financial aspects. The community usually is poor in terms of savings and investments. They spent almost their whole earnings in their daily requirements and debts. Apart from these, undesirable behavioral patterns such as alcoholism, smoking are common among most of the fisher folk people. These factors contribute to the inadequacies in meeting the basic amenities of their daily life.

Poverty can be termed in many aspects. It can be a shortage or lack of enough food, water, shelter and so on. Most of the fishing people are below poverty line in almost all over the nation. The housing system of the fisher folk communities is usually very poor and they are vulnerable to various natural calamities like tsunami, water flood, etc. They face scarcity of pure drinking water though there is a vast source of water before them. The fishing communities also face difficulties in marketing their products. In many dimensions like these, the fisher folk people are affected by poverty.

#### RESEARCH METHODOLOGY:

##### General Objective:

- To identify the saving and investment patterns of fisher folk and its impact on poverty they suffer with a special focus on the fishermen communities living in Vadanappilly coastal area, Thrissur district, Kerala.

##### Specific Objectives:

- To identify the saving patterns of fisher folk in Vadanappilly, Thrissur district, Kerala.

- To find out the investment patterns of fisher folk.
- To understand the poverty levels of fishermen community.
- To identify the relation between the saving and investment patterns of fisher folk and their poverty levels.
- To find out the strategies to cope with the issue of poverty of fisher folk with respect to their saving and investment patterns.

#### Research Design:

- Research design** - The design followed for the study is descriptive design.
- Sampling method** - The researcher selected 60 male headed households whose means of livelihood is fishing as samples from the Vadanappilly, Thrissur district, Kerala. The method used here for the sampling is stratified sampling technique.
- Tools of data collection** - Tools of data collection was direct personal interview.
- Pilot Study** - Pilot study was conducted to find out the scope and feasibility of the study, to determine the venue and universe of the study. To know about the feasibility of the study the researcher interacted with the research guide, some fishermen and authorities from Department of Fisheries.

#### Universe

All the fisher folk households which are male headed in Vadanappilly coastal line, Thrissur district, Kerala.

#### Unit of The Study

One male headed household whose means of livelihood is fishing in Vadanappilly, Thrissur district, Kerala.

#### DATA ANALYSIS AND INTERPRETATION:

##### Monthly Income of the Fishermen

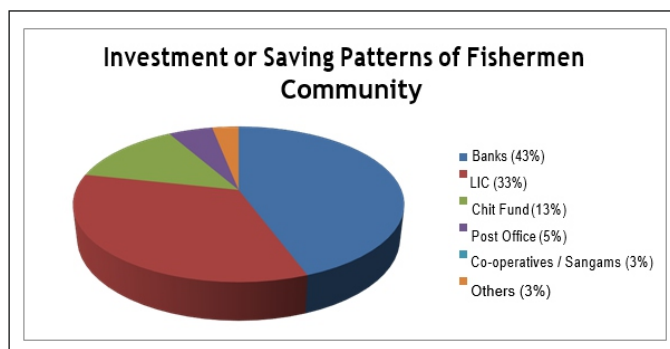
Monthly Income Level	Percentage
Below 5000	54.33
5000 – 10,000	31.66
10,000 – 15,000	13.33
15,000 – 20,000	.016
Above 20,000	0

The data collected for the research study make it evident that more than half of the population are earning income below Rs.5000. It could be understood from the data that there is none in the fisher folk whose monthly income goes above Rs.20,000. There is, yet, significant fluctuations in the income levels of fishermen community.

##### Level of awareness about various investment patterns:-

Types of Investment	Level of awareness in % Yes	Level of awareness in % No
Bank Deposit	81%	19%
LIC	90%	10%
Chit Fund	95%	5%
Post Office Savings	88%	12%
KSFE	24%	76%

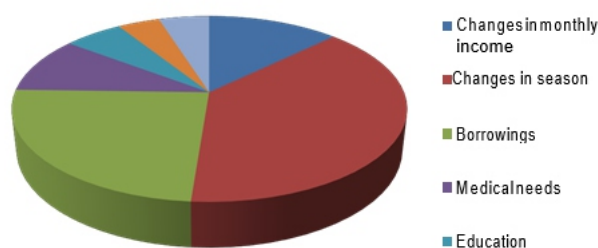
The level of awareness of various investment patterns among the fisher folk people was estimated by the researchers. It was found that the people are most aware of chit funds and least aware of KSFE investment patterns.



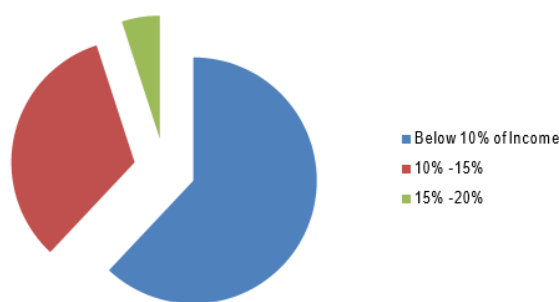
It was identified from the research study that the highest method of investment or saving pattern used by the fisher folk people is bank accounts. The system of cooperatives and SHGs are not much popular among the community. 43% of fishermen make use of bank accounts.

The savings or investments of fisher folk people are influenced by a number of factors. The changes in season is the most influential factor among them. The point to be noticed was that only 13% of respondents prove that their level of investment or saving is highly influenced by their income levels. It shows the lack of saving habit in the community. The savings or investments are not balanced along with the changes in income properly.

**Factors Affecting Savings and Investment**

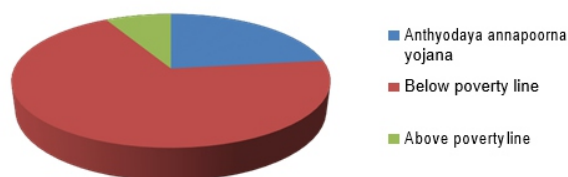


**Range/Level of Investment**



From the data collected from Vadanappilly coastal area, Thrissur district, Kerala it could be understood that 62% of fishermen invest or save only less than 10% of their income. 33% of the respondents save 33% of their income while only 5% of fishermen save more than 15% of the income.

**Poverty levels of Fisher folk**



From the sample size of the study, 23% of respondents were going through severe poverty and 69% of them were below poverty line. Only 8% of the fisher folk were above the poverty line. The data shows the magnitude of poverty among the community.

## FINDINGS AND SUGGESTIONS:

### Findings:

- Most of the fishermen do not have large amount of savings.
- The socio-economic conditions of the fishermen of Thrissur District are very poor.
- Bank deposits, LIC and Chit Fund are the important investments of Fishermen Community in Thrissur District.
- The habits of savings and investment do not seem to be popular among fishermen community of Thrissur District.

- Fishermen spends more amount for personal habits such as smoking and drinking.
- Fishermen have not understood the importance and benefits of savings also.
- Fishermen are getting disproportionate income per month during lean and peak season. But the level of their savings or investments are not improving when there is an increase in the income levels.

### Suggestions:

- District authorities should arrange awareness classes relating to saving habits and investment.
- Banks and other financial institutions make necessary arrangements for collecting the savings from Fishermen Community on daily or weekly basis.
- Give more attention to post-harvest operations.
- Promote the welfare programmes of fishermen and their households.
- Ensure social security and economic wellbeing of fishermen.
- Reduce fishing pressure in the traditional fishing area.
- More markets and processing units should be open for the marketing of the fish along with technological advancements.
- Development of export market would be crucial to realize the gains from technological progress.
- More technical devices should be introduced in the fisheries industry. It will enable the fishermen to catch more fish and it will help to earn more income.
- Self Help Groups among the community should be promoted in order to develop a better habit of saving and investment among the fisher folk.

### CONCLUSION:

Fisheries are a Sunrise Sector of our economy. Growing urbanization, globalization and rapidly changing social structures had a major impact on the fisheries structure in the country. Its role in increasing food supply, generating job opportunities, raising nutritional level and earning foreign exchange has been important. Fish production plays an important role in the socio-economic life of Kerala. Kerala is a leading fish producing state in the country. Yet the standard of living of the Fishermen all over India still remains unchanged. In this situation it is essential to take steps to improve their income and reduces their expenditure to obtain socio-economic balanced society. The fishermen should be encouraged to get proper education in order to plan their budget and flourish their life. They should be motivated and educated to save the surplus of their income for their future and for the nation. It will boost up our economy. Apart from all these possibilities and supportive measures from the part of the government, the fisher folk community faces severe kind of poverty. The lack of proper saving and investment patterns and their awareness among the people have to do a lot with the issue of the community. The habit of saving and investment patterns among the community should be developed and it can terminate and prevent the issue of poverty among the community to a large extent.

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